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VIA FACSIMILE

December 10, 2003

Mr. Richard Stout
Chief Regulatory Officer
British Columbia Hydro and Power Authority
17th Floor, 333 Dunsmuir Street
Vancouver, B.C. V6B 5R3

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Mr. Richard Stout		
Fax#	604-623-4407	
From	Robert Pellatt	
Phone#	mail-to follow	

Dear Mr. Stout:

Re: Commission Review of British Columbia Hydro and Power Authority ("BC Hydro")
Vancouver Island Call for Tenders

BC Hydro issued its Vancouver Island Call for Tenders ("CFT") on October 31, 2003. BC Hydro's CFT schedule calls for it to file its revised CFT, including the Preliminary Form Electricity Purchase Agreement ("EPA") and the Preliminary Form VIGP Transfer Agreement (the "Preliminary Form Agreements"), with the Commission by December 15, 2003.

By letter dated October 23, 2003, counsel on behalf of BC Hydro requested a decision from the Commission by January 15, 2004 on whether the terms of the revised CFT to be filed by December 15, 2003 were appropriate. By letter dated October 24, 2003, the Commission advised BC Hydro that it would be the Commission's intention to provide its response on the appropriateness of the terms of the CFT by January 15, 2004. The Commission considers the CFT to be a process designed and implemented by BC Hydro. At the end of the CFT process, EPA's for the selected project(s) will require Commission approval pursuant to section 71 of the Utilities Commission Act. BC Hydro suggests that a Commission determination on the CFT process would increase regulatory certainty, which can be expected to benefit BC Hydro ratepayers, BC Hydro, and the CFT bidders. BC Hydro has advised that a Commission Panel determination by January 23, 2004 will not jeopardize the CFT schedule.

When BC Hydro files its revised CFT, including the Preliminary Form Agreements and the Evaluation Methodology, BC Hydro should clearly state the approvals, determinations or directions that it is seeking.

The Commission Panel has been informed by Commission staff, that BC Hydro proposes to hold forums for CFT bidders, Commission staff and other interested parties to clarify the revised CFT process. The forums are the responsibility of BC Hydro.

Anticipating receipt of BC Hydro's December 15, 2003 filing, the Commission Panel hereby establishes a written process to receive input from the CFT bidders and interested parties prior to its consideration of the revised CFT. The Commission Panel requests that CFT bidders and interested parties provide their views, in writing to the Commission on any aspect of the revised CFT (including the Preliminary Form Agreements and the Evaluation Methodology), and the approvals, determinations and directions which BC Hydro is seeking from the Commission by Friday, January 9, 2004. BC Hydro may provide a written reply to the Commission by Tuesday,

January 13, 2004. Thereafter, the Commission Panel will consider all of the materials and make whatever approvals, determinations and directions it considers appropriate to assist BC Hydro and the CFT bidders in this process, having regard to the nature and quality of information it may receive.

The Commission Panel requests BC Hydro to provide copies of this letter to CFT bidders, Vancouver Island Generation Project Hearing Intervenors and any other person it believes may have an interest in the CFT process.

Yours truly,



Robert J. Pellatt

WJG/rt

cc: Ms. Mary Hemmingsen
BC Hydro